

Old Age, Disability, Death

First laws: 1944 (commerce), 1946 (industry), and 1954 (rural workers). Other laws for special groups enacted 1904-58.

Current law: 1993 (implemented July 1994).

Type of program: Dual social insurance system and private insurance system.

Exchange rate: U.S.\$1.00 equals 1 peso.

Coverage

Employed and self-employed persons, except for military personnel.

Source of Funds

Insured person: 11% of earnings. Self-employed, 27%. Certain forestal and agricultural activities to be integrated into the system on April 1, 1995.

Employer: 16% of payroll.

Government: Contributes to social insurance system through general revenues, investments and certain earmarked taxes. Ceiling for contribution purposes, 60 AMPOs. AMPO is the average mandatory provisional contribution, established twice a year, and is determined by dividing the total employee's contributions to the system by the total number of contributors. As of July 1994, the AMPO was 63.

Qualifying Conditions

Old-age pension: Age 62 (men) or 57 (women). The ages will rise to 63/58 in 1996, 64/59 in 1998 and 65/60 in 2001. Minimum, 30 years of contribution and service. Maximum, 45 years of contribution and service. Insured person may substitute 2 years of age after retirement age for 1 year of contribution. Retirement age as well as contribution and employment requirements lowered up to 10 years for hazardous or unhealthful occupations.

Advanced age pension, age 70 with 10 years of service and contributions, of which 5 of the last 8 years must be immediately prior to end of gainful employment; self-employed, 5 years of service and contributions.

Pensioner may continue working after retirement with full benefits, except that the retirement benefit will not be re-calculated to include post-retirement earnings.

Disability pension: Reduction of earning capacity by 66% (total disability); employed at time of onset and less than 65 years of age.

Survivor pension: Deceased met pension requirements or was pensioner at death.

Old-Age Benefits

Old-age pension: Consist of 3 levels:

- 1 *Basic universal benefit:* 2.5 AMPO's plus 1% for every year of contribution exceeding 30, up to a maximum of 15%.
- 2 *Compensation benefit:* (for past service rendered before July 1994) 1.5% of average monthly salary during the last ten years times the years of contributions made prior to July 1994, up to a maximum of 35 years.

3 Choice of private pension or public pension:

A *Public pension (PAP):* 0.85% of final ten year average salary for each year of contribution paid after July 1994. Maximum benefit: 1 AMPO.

B *Private pension:* insured contributes to an individual retirement savings account managed by a pension fund administrator. Amount of benefit depends on insured's contributions plus accrued interest. Benefits are payable as an annuity or in a specified number of installments. Government guarantees a minimum benefit.

Permanent Disability Benefits

Disability pension: 70% of average salary during the five years prior to onset of disability.

Partial disability: Proportion of total disability pension corresponding to percentage loss of capacity.

Means-tested allowance: Payable at any age to needy disabled persons ineligible for pension.

Survivor Benefits

Survivor pension: 70% of average earnings in the five years prior to death of insured, payable to widow or widower with no children; 50% to widow or widower with children; 20% for each eligible child under age 18 (no age limit if disabled).

Maximum survivor pension: 100% of pension of insured.

Funeral grant: Lump sum of 3 months' minimum wage.

Administrative Organization

Ministry of Labor and Social Security, general supervision through its Secretariat of Social Security.

National Social Security Administration, administration of public program.

Superintendent of Pension and Retirement Funds, administration of private program.

Sickness and Maternity

First law: 1934 (maternity).

Current laws: 1968 (maternity), 1974 (sickness), and 1980 (medical benefits).

Type of program: Social insurance (medical benefits), employer-liability (cash sickness benefits), and employment-related systems (maternity benefits).

Coverage

Cash sickness benefits: All employed persons.

Cash maternity benefits: Employed women, except domestic servants.

Medical benefits: Employed persons and pensioners, except the military police, and public provincial and municipal employees. Individuals may contract out.

Voluntary coverage for formerly employed persons. (Those over 70 years of age with 10 years of residency, and neither insured nor dependent, are eligible for free medical care.)

Source of Funds

Medical benefits: **Insured person:** 3% of earnings, plus 1% of earnings for each covered dependent besides spouse or children. (Pensioners pay 3% of social security pension. If a worker contracts out for medical benefits, 10% of contribution of insured and all of employer contributions are still deducted for social security.)

Employer: 4.5% of payroll, plus 0.9% to the National Health Insurance Administration.

Government: Subsidizes coverage of persons who would not otherwise qualify.

Cash maternity benefits: Financed through family allowance program.

Qualifying Conditions

Cash maternity benefits: 10 months' continuous employment preceding confinement, or 1 month of employment in current position and 6 months of employment in 12 months preceding current position.

Cash sickness benefits: Currently employed or pensioner.

Medical benefits: Currently employed or pensioner.

Sickness and Maternity Benefits

Sickness benefit: 100% of salary for up to 6 months for employees with 5 years of service, or 3 months for employees with less than 5 years. Payable twice as long to workers with dependents. (Commercial code requires employers to pay full wages of employees for 3-6 months of sickness or absence due to non-occupational accidents.)

Maternity benefit: 100% of earnings.

Payable for 90 days. (Insured has option of either 30 days before and 60 days after confinement or 45 days before and 45 days after confinement.)

Prenatal grant: See family allowances.

Birth grant: See family allowances.

Workers' Medical Benefits

Medical benefits: Medical and hospital care. Workers enroll in a public or private facility under contract with the National Institute of Social Services.

Dependents' Medical Benefits

Medical benefits for dependents: Same benefits as insured for wife, sons under age 18 (21 if students, no limit if disabled), and daughters under age 21 (no limit if disabled). Other dependents of the insured worker are eligible with payment of additional contributions.

Administrative Organization

Ministry of Health and Social Action, general supervision.

National Institute of Social Services, coordination of program through trade unions.

Minister of Labor and Social Security, Secretariat of Social Security, administration of maternity benefits.

Work Injury

First and current law: 1915.

Type of program: Employer liability/compulsory insurance with private carrier.

Coverage

Employed persons in private and public sector.

Exclusion: Domestic servants.

Source of Funds

Insured person: None.

Employer: Whole cost, through direct provision of benefits or insurance premiums.

Government: None.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit : 100% of earnings; payable until recovery or certification of permanent disability. (Disability presumed to be permanent if it continues beyond 1 year.)

Permanent Disability Benefits

Permanent disability benefit : Lump sum equal to a co-efficient of 65% of the age of the insured person multiplied by 1,000 times the daily wage at time of accident.

Maximum total benefit: 55,000 pesos. Payable in addition to any ordinary disability pension due.

Maximum grant: 260 times legal minimum monthly wage.

Partial disability: Same as for total disability but based on percentage of incapacity.

Maximum: 5.50 pesos for each percentage point of incapacity.

Constant-attendance supplement: 50% of pension; not included in maximum grant.

Workers' Medical Benefits

Medical benefits: Cost of medical attention, appliances and pharmaceuticals covered by employer.

Survivor Benefits

Survivor benefit: Same as for insured person. Payable in addition to any ordinary survivor pension due. Maximum: 55,000 pesos.

Payable to spouse or companion, children and/or dependent parents according to social security laws.

Funeral grant: Cost of burial up to 75 times the daily wage.

Administrative Organization

National Administration of Social Security and provincial agencies, general supervision.

Department of Work Accidents of the National Administration of Social Security, administration of program.

Employers may insure liability with private insurance company or employer mutual society.

Unemployment

First and current law: 1967 (construction workers only) and 1991 (social insurance program).

Type of program: Social insurance system.

Coverage

Employed persons.

Source of Funds

Insured person: 1% of earnings.

Employer: 1.5% of payroll. Also see funding of family allowances.

Government: None, except for certain temporary sources, such as a share of profits derived from the privatization of State-owned enterprises.

Qualifying Conditions

Unemployment benefits: 12 months of contributions before the date of unemployment. Must be registered and available for suitable employment, and not be a recipient of any other social security benefits.

Unemployment Benefits

Unemployment benefits: Benefits under the new system of general application, benefits equal monthly 60% of the highest wage the worker received in the 6 months before the date of unemployment. The duration of the benefit ranges from 4 to 8 to 12 months, depending on the length the amount of coverage between 12 and 36 months. Minimum benefit, 1 monthly minimum wage; maximum, 4 monthly minimum wages.

With respect to construction industry, upon separation or retirement, employers must pay a severance indemnity of 1 month's wages per year of service up to 10 years; maximum per month equivalent to 3 times the legal minimum wage.

Administrative Organization

Ministry of Labor and Social Security, general supervision.

National Social Security Administration, administration of program.

Qualifying Conditions

Family allowances: Child must be under age 15 (21 if student, no limit if disabled).

Marriage and birth grants: Current continuous employment for 6 months, or 1 month of employment in current position and 6 months of employment in the 12 months preceding current position.

Prenatal grant: 3 months' employment.

Spouse, child, and student benefits: Currently employed or pensioner. Some benefits are due the unemployed.

Family Allowance Benefits

Family allowances (amounts as of February 1993): Monthly benefit level varies by geographic region as follows: wife or dependent disabled husband, 15-60 pesos a month; child, 20-80 pesos (times 4 if disabled); pre and primary school allowance, 3-12 pesos (times 4 if disabled); secondary school allowance, 4.50-18 pesos; large family allowance, 3-12 pesos; primary school assistance, 130-520 pesos (times 4 if disabled); prenatal allowance, 20-80 pesos; birth grant (all regions) 200 pesos; adoption grant (all regions) 1,200 pesos; marriage grant (all regions) 300 pesos; maternity leave, 90 days of full wages tax exempt.

All allowances are paid in double each January to supplement yearly vacation.

Administrative Organization

Ministry of Labor and Social Security and the Secretariat of Social Security, general supervision.

National Administration of Social Security, administration of program.

Dual system: direct payment by the National Administration of Social Security and employers pay allowances directly to employees, and settle any surplus or deficit of contributions due with Fund by which covered.

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Family Allowances

First law: 1957.

Current law: 1968.

Type of program: Dual employment-related and assistance program.

Coverage

Employed persons, pensioners, and recipients of means-tested benefit. Exclusion: Domestic servants.

Source of Funds

Insured person: None.

Employer: 7.5% of payroll (another 1.5 percent helps to finance the unemployment insurance program).

Government: Cost of benefits for pensioners and recipients of means-tested benefits.